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SUBJECT: Director's 10/6 Meetings with DPP Tainan Heavyweights

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¶1. (SBU) Summary: In his October 6 meeting with the Director, Tainan County Magistrate Su commented on former President Chen's lingering influence in the DPP, foreshadowed the possible return of some of the DPP "old guard," and remarked on DPP Chair's Tsai concern over her image. In a separate luncheon with the Director, the always-opinionated Tainan City Mayor Hsu questioned Tsai's party leadership skills, criticized President Ma as "naïve and ignorant" about cross-strait relations, and predicted a solid DPP performance in December 2009 "3-in-1" elections. Both Magistrate Su and Mayor Hsu are term limited. They cannot run for their current offices next year, but might be put forward as candidates for other county magistrates or mayors. Barring that, they would be strong Legislative Yuan (LY) contenders in 2012. End summary.

¶2. (SBU) During his October 6-7 visit to southern Taiwan, Director Young met separately with Tainan County Magistrate Su Huan-chi and Tainan City Mayor Hsu Tian-tsair. Both Magistrate Su and Mayor Hsu are finishing up their second and final terms in office. Su has long known former President Chen Shui-bian, as both are Tainan County natives. In recent years, however, Su has distanced himself from Chen and the deep-green DPP wing, stating that an excessive focus on sovereignty issues would marginalize Taiwan in the global economy. Mayor Hsu has enjoyed high popularity ratings in Tainan City, devoting much of his energy to promoting the city's environmental causes.

Tainan County View: Old Guard Down but Not Out

¶2. (SBU) In his meeting with the Director, Magistrate Su acknowledged that former President Chen's ongoing corruption case has become an increasingly onerous burden for the DPP. Chen used to be the DPP's most influential figure, Su stated, but his legal troubles had reduced his influence on DPP nominations for December 2009 "3-in-1" county/city/local elections to almost nothing. However, Chen still had many die-hard supporters in southern Taiwan, particularly in Tainan County. For example, Tainan County DPP Legislative Yuan (LY) member Lee Chun-yih was still trying to use Chen's popularity in the county to bolster his possible candidacy for county magistrate.

¶3. (SBU) Su remarked, however, that Chen was not primarily responsible for the DPP's demise in January 2008 LY elections. The new "single-member, two-vote" system reduced the scale of the DPP's constituency and handed the KMT a significant electoral edge. Su said he had warned Chen about the disadvantages of the new system

but Chen rejected his advice. Su also commented that the DPP's stinging 2008 electoral defeats had not completely forced the DPP old guard to withdraw from the scene. The retirements were temporary, he suggested. Some of the old guard may be tempted to return, especially if President Ma or current DPP Chair Tsai Ing-wen stumbled.

14. (SBU) On DPP Chair Tsai, Su commented that Tsai's rise to prominence reminded him of the "Palin effect." Tsai was a new, fresh face, who represented the DPP's younger generation. Tsai was very professional, much like Senator Clinton, Su remarked, and was highly concerned about protecting her image. He suggested that Tsai's cautious approach signaled her interest in running for President in 2012. Su also speculated that Kaohsiung Mayor Chen Chu was gearing up for a 2010 reelection bid. If Chen secured the DPP mayoral nomination, she was likely to face off against KMT LY member Huang Chao-shun. Su was optimistic about Chen's chances in this matchup, stating that Huang had too many enemies and that Huang's personality was too aggressive to administer the city effectively.

Tainan City View: Tsai's Leadership Questionable

15. (SBU) In a subsequent lunch with the Director, Tainan City Mayor Hsu echoed Su's sentiment that former President Chen's legal case had damaged the DPP. Hsu said he had distanced himself from Chen, even though Chen had visited Tainan City twice since leaving office.

Hsu underscored that he knew Chen extremely well, as the two had been high school classmates. He sympathized with the view that Chen was being treated harshly, adding however that many DPP supporters

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were now realizing that Chen may have broken the law. Hsu suggested that President Ma's declining popularity may have helped Chen, since some DPP supporters thought DPP Chair Tsai was not tough enough and were using Chen to protest Ma's government policies.

16. (SBU) Hsu commented that DPP supporters had high expectations of DPP Chair Tsai but party insiders were increasingly questioning her leadership abilities. For example, she took three weeks to decide whether to join the 8/30 anti-Ma demonstration in Taipei. In the end, Hsu said, she concluded that the DPP could not afford to weaken its ties with the social groups participating in the demonstration since those groups formed an important part of the DPP's base. Nevertheless, her hesitation cost her some authority within the party. Hsu stressed that Tsai had to do more than just talk about Taiwan's sovereignty; she needed to take action. Hsu also complained that Tsai did not know how to reform the DPP. All of her reforms to date were just technical, he remarked, and failed to address the deep-rooted structural reform that the party required.

17. (SBU) Hsu was also highly critical of President Ma, remarking that Ma was "naïve and ignorant" about cross-strait issues and too willing to sacrifice Taiwan's sovereignty. The PRC had deceived Ma by not allowing sufficient numbers of PRC tourists to visit Taiwan. Hsu agreed with the overall objective of improved cross-strait ties, but complained that the PRC had responded to Ma's goodwill with low PRC tourist numbers and contaminated dairy products. Hsu suggested that if Ma wanted to consolidate fully his Presidential authority, he should serve concurrently as KMT Chair. Unless Ma forced former Chair Lien Chan and current Chair Wu Po-hsiung to relinquish their hold on the party, the KMT would be split heading into 2009 "3-in-1" elections.

18. (SBU) Handicapping the 2009 elections, Hsu predicted that the DPP would hold on to five of its posts in Tainan City and in Tainan, Chiayi, Kaohsiung and Pingtung Counties, and had a chance to pick up victories in KMT-led Ilan and Changhua Counties. DPP Chair Tsai wanted to wrap up the nomination process by the end of 2008, Hsu acknowledged, but the process was more likely to extend into the spring 2009. Key factors in the process included whether Tsai chose to ally herself with the "New Tide" faction and whether former President Chen could still sway those DPP members to whom he had previously offered financial support.

Comment

19. (SBU) Both Magistrate Su and Mayor Hsu have tried to carve out autonomous reputations in their respective seats, which has led to media speculation that they may try to run in different locations during "3-in-1" elections next year once their terms are up. Hsu in particular is confident that he could triumph elsewhere, noting to us that he is the first elected Tainan City mayor who was not originally from Tainan City. Su may choose to take a break from governing after leaving the Tainan County seat. While running for reelection in 2005, he suffered from a serious bout of hepatitis C but has since recovered. If other DPP stalwarts stake their claim to other county and mayoral seats in 2009, Su and Hsu may choose to sidestep the likely factional battles and compete instead for LY seats from Tainan in 2012. End comment.

CASTRO

WANG